

February 21, 2019

VIA MPUC CASE FILE

Harry A. Lanphear  
Administrative Director  
Maine Public Utilities Commission  
18 State House Station  
Augusta, ME 04333-0018

RE: CENTRAL MAINE POWER COMPANY, *Request for Approval of a Certificate of Public Convenience and Necessity for the New England Clean Energy Connect Consisting of the Construction of a 1,200 MW HVDC Transmission Line from the Québec-Maine Border to Lewiston (NECEC) and Related Network Upgrades*, Docket No. 2017-00232

Dear Mr. Lanphear:

Pursuant to Chapter 110, Section 8(D)(4) of the Commission's Rules,<sup>1</sup> Central Maine Power Company ("CMP" or the "Company") is pleased to submit this cover letter and memorandum seeking Commission approval of the enclosed stipulation (the "Stipulation"), resolving all issues in the above-captioned proceeding among the stipulating parties identified below.

CMP submits the Stipulation for Commission review on behalf of itself, the Maine Office of the Public Advocate ("OPA"), the Governor's Energy Office, Industrial Energy Consumer Group ("IECG"), Conservation Law Foundation ("CLF"), Acadia Center, Western Mountains & Rivers Corporation ("WMRC"),<sup>2</sup> City of Lewiston, Maine State Chamber of Commerce (the "Chamber"), and International Brotherhood of Electrical Workers ("IBEW") (the "Stipulating Parties").

Commission Staff ("Staff") has informed the Stipulating Parties that it takes no position on the Stipulation, and will instead present its recommended decision on the

---

<sup>1</sup> 65-407 C.M.R. ch. 330.

<sup>2</sup> CMP expects that WMRC will provide its executed signature page by separate filing in the near future.

issues presented in this proceeding and on the Stipulation in a forthcoming Examiners' Report. The Stipulating Parties appreciate Staff's active participation in all noticed settlement conferences in this proceeding, and emphasize that in drafting the Stipulation, the Stipulating Parties carefully considered all issues raised by Staff and took substantial measures to address such concerns.

CMP respectfully submits that the Stipulation meets all criteria for Commission approval under Chapter 110, Section 8(D)(7) of the Commission's Rules. Particularly, (i) the Stipulating Parties represent a sufficiently broad spectrum of interests to prevent the appearance or reality of disenfranchisement; (ii) the process that led to the Stipulation was fair to all parties; and the Stipulation is both (iii) reasonable and not contrary to legislative mandate, and (iv) in the public interest. On behalf of the Stipulating Parties, CMP provides the following information in support of the Stipulation.

#### **I. NAMES OF THE PARTIES JOINING, OPPOSING, OR TAKING NO POSITION ON THE STIPULATION**

The following parties join in the Stipulation: CMP, the OPA, the Governor's Energy Office, IECG, CLF, Acadia Center, WMRC, the City of Lewiston, the Chamber, and IBEW.

To the best of CMP's knowledge, as of today's date, the following parties oppose the Stipulation: NextEra Energy Resources, LLC ("NextEra"); Ms. Dorothy Kelly ("Dot Kelly"); Calpine Corporation ("Calpine"), Vistra Energy Corporation (formerly known as Dynegy Inc.) ("Vistra"), and Bucksport Generation LLC ("Bucksport") (Calpine, Vistra, and Bucksport collectively referred to as the "Generator Intervenors"); Natural Resources Council of Maine ("NRCM"); RENEW Northeast, Inc. ("RENEW"); the Maine Renewable Energy Association ("MREA"); ReEnergy Biomass Operations LLC ("ReEnergy"); the Town of Caratunk; Friends of Maine Mountains, Former Senator Thomas Saviello, and the Town of Alna.

Notwithstanding the Stipulating Parties' request that all parties indicate their final position on the Stipulation, the following parties have not so indicated: the Greater Franklin Development Council; Trout Unlimited; Mr. Darryl Wood; the Town of New Sharon, the Town of Jackman, Old Canada Road Scenic Byway, Inc.; and Franklin County Commissioner Terry Brann.

The Stipulating Parties understand that the Town of Wilton has reviewed the Stipulation and will determine whether or not to join it at a March 5, 2019 meeting. The Stipulating Parties also understand that the Town of Farmington, and potentially other municipality parties to this proceeding, will make similar determinations at appropriate

town meetings in the near future. The Stipulating Parties will inform the Commission and provide any executed signature pages, as applicable, in the event that any such party decides to join the Stipulation subsequent to this filing.

## **II. PARTIES JOINING THE STIPULATION REPRESENT A SUFFICIENTLY BROAD SPECTRUM OF INTERESTS.**

The Stipulating Parties represent a sufficiently broad spectrum of interests and constitute many of the active participants in the proceeding.

The OPA represents the “using and consuming public” in matters within the jurisdiction of the Commission, particularly the interests of residential and small commercial customers.<sup>3</sup> IECG represents the interests of industrial (large-scale) energy consumers before regulatory and legislative bodies.<sup>4</sup> On behalf of the Governor, the Governor’s Energy Office represents the people of Maine in creating “effective public and private partnerships that advance Maine’s energy security, economic development, and environmental health.”<sup>5</sup> The City of Lewiston represents the interests of Maine’s second-largest city, a municipality included within the NECEC project route.<sup>6</sup> Acadia Center is a nonprofit research and advocacy organization headquartered in Maine committed to advancing energy efficiency, clean transportation and heating, and the use of clean and renewable energy resources in the Northeast to reduce greenhouse gas (“GHG”) emissions. CLF is a nonprofit advocacy group with offices in Maine that advocates for

---

<sup>3</sup> 35-A M.R.S. § 1702; Bob Bemis, *et al.*, *Request For Commission Approval To Investigate Central Maine Power’s Acts And Practices Concerning Its Line Extension Policies and Central Maine Power’s Filed Tariffs and/or Terms and Conditions on Line Extensions*, Docket No. 2005-00412, Order at 6 (“The Public Advocate is charged by statute to represent the using and consuming public before the Commission, including in matters related to rates, adequacy of service and terms and conditions of a public utility.”).

<sup>4</sup> Petition To Intervene Of The Industrial Energy Consumer Group at P 2 (Oct. 13, 2017).

<sup>5</sup> Governor’s Energy Office, “About Us,” available at <https://www.maine.gov/energy/about/index.html>.

<sup>6</sup> Though not parties to the proceeding and thus not signatories to the Stipulation, numerous other cities and towns throughout Maine have submitted letters of support for the NECEC on the Commission’s CMS filing system. See City of Lewiston (July 21, 2017); Town of Moscow (July 24, 2017); Town of Farmington (July 25, 2017); Town of Bingham (July 20, 2017); Town of Jay (July 21, 2017); Town of Livermore Falls (Sept. 18, 2017); Town of Wiscasset (Sept. 21, 2017); Town of Greene (Sept. 25, 2017); Town of Starks (Sept. 25, 2017); Town of Leeds (Sept. 27, 2017); Town of Whitefield (Oct. 10, 2017); Town of Anson (Oct. 24, 2017); Town of Pownal (Nov. 9, 2017); Town of Embden (Nov. 20, 2017); Town of Woolwich (Nov. 20, 2017); Town of Chesterville (Nov. 30, 2017); Town of Lewiston (Dec. 5, 2017); Town of Durham (Dec. 28, 2017); Town of Windsor (Jan. 23, 2018); Town of Industry (Apr. 28, 2018); and Resolution by the City of Auburn, Maine in Support of the NECEC (Mar. 19, 2018). In addition, the following counties have submitted letters in support of the NECEC on the Commission’s CMS website, and maintain their support for the project: Androscoggin County (Aug. 30, 2017); Franklin County (Oct. 18, 2017); and Somerset County (Jan. 3, 2018).

environmentally-friendly, clean energy solutions in New England and the northeastern U.S.<sup>7</sup> WMRC is a Maine nonprofit public benefit corporation formed for the purpose of expanding conservation of the Kennebec, Dead, Sandy, Moose, Sebasticook, and Carrabassett rivers; developing recreation projects; developing education programs about the history, ecology and uses of Maine's rivers; and expanding economic development opportunities along the rivers of Western Maine.<sup>8</sup> The Chamber is a statewide business association representing Maine businesses both large and small to further the state's business environment.<sup>9</sup> The IBEW is a trade union representing skilled Maine workers, including workers within CMP's service territory.<sup>10</sup>

The Stipulating Parties represent a sufficiently broad spectrum of interests to satisfy Commission requirements.<sup>11</sup> Despite the fact that some parties oppose the Stipulation,

---

<sup>7</sup> See Conservation Law Foundation's Petition To Intervene at P 2 (Oct. 13, 2017); Petition To Intervene of Acadia Center at 1 (Mar. 29, 2018).

<sup>8</sup> Exhibit NECEC-25 at 1 (Memorandum of Understanding).

<sup>9</sup> Late Filed Petition To Intervene By The Maine State Chamber of Commerce at 1 (Sept. 10, 2018). In addition to the Chamber, and although not parties to the proceeding, the following economic organizations, businesses, government leaders, and private residents have submitted letters or testified in support of the NECEC: Greater Franklin Development Council (July 20, 2017); Associated General Contractors of Maine (July 21, 2017); Lewiston-Auburn Economic Growth (July 21, 2017); E.J. Carrier (July 24, 2017); and Former Gov. Paul LePage (July 25, 2017). See Public Hearing Tr. at 11-12 (Oct. 17, 2018) (Testimony of Selectwoman Judy Diaz highlighting the tax benefit for the town of Jay); *id.* at 12-14 (Testimony of Jason Levesque, Mayor for the City of Auburn, highlighting the economic benefits to Lewiston and the anticipated reduction in energy prices); *id.* at 23-25 (Bill Birney, a principal and director of construction projects at Stantec Consulting, emphasizing that the Commission's approval of the NECEC was, in fact, "a vote in confidence of the Maine construction industry which is a major industry in our state," and stated that the jobs generated by the NECEC will be filled by "folks that come from all over the state [who] are our neighbors and many of them graduates from our Maine colleges and universities."); *id.* at 25-27 (Adam Mancini, the utility division director at E.S. Boulos, further adding that "the MPRP project was, and the NEC[EC] project will be critical to the future success of our companies and essential to our Maine resident employees and their families, along with those Maine-based subcontractors and material suppliers we work with."); *id.* at 165-167 (Oct. 17, 2018) (Christian Savage, Executive Director of Somerset Economic Development Corporation); *id.* at 44-46 (Bob Meyers, Executive Director, Maine Snowmobile Association, statement read into the record by Peggy Dwyer); *id.* at 57-59 (Lawrence Perkins, resident of Readfield); *id.* at 94-97 (Lauren Walsh, resident of Livermore Falls); *id.* at 97-99 (Bruce Metrick, resident of Waldoboro); and *id.* at 106-111 (Dr. Lloyd Irland, former Director of Public Lands and State Economist, resident of Wayne). See also Public Hearing Tr. at 50-52 (Sept. 14, 2018) (Richard Anderson, Former Commissioner, Maine Department of Conservation and Executive Director, Maine Audubon Society); *id.* at 59-65 (Paul Frederic, resident of Starks); *id.* at 102-103 (Tom Donnelly, resident of Gorham); and *id.* at 108-111 (Tim Walton, on behalf of Cianbro).

<sup>10</sup> Late Filed Petition To Intervene By The International Brotherhood Of Electrical Workers Local Union 104 at 1 – 2 (Aug. 30, 2018).

<sup>11</sup> Within the rate case context, the Commission has held that "as a general matter, a stipulation entered into by the utility and the Public Advocate, which generally represent opposite view in the ratemaking process, constitutes a sufficiently broad spectrum of interests." Central Maine Power Company and Public Service of

CMP submits that the Stipulation satisfies the “primary purpose” of the sufficiently broad spectrum of interests standard in Chapter 110, as articulated in Docket No. 2008-00255, particularly:

[T]o ensure that the Commission does not approve stipulations where the signing parties represent only a narrow interest. The criterion is not intended to require, and does not mean, that all parties participating in a case must sign a stipulation for the Commission to approve it.<sup>12</sup>

The Stipulating Parties’ varied obligations, missions, and constituencies all demonstrate that the Stipulation has the support of a diverse group of stakeholders, and that the signing parties do not “represent only a narrow interest.”

### **III. THE SETTLEMENT PROCESS WAS FAIR TO ALL PARTIES AND THERE IS NO APPEARANCE OR REALITY OF DISENFRANCHISEMENT.**

The Stipulating Parties have agreed to the provisions of the Stipulation after fair, open, and transparent settlement negotiations based on extensive information presented in this proceeding and gathered through exhaustive discovery and discussions among CMP and the intervening parties, including the Stipulating Parties and Staff.

As the Commission is well aware, this proceeding commenced on September 27, 2017, and concerns CMP’s petition for a Certificate of Public Convenience and Necessity (“CPCN”) for the New England Clean Energy Connect Transmission Project (the “NECEC” or the “Project”). Upon issuance of the notice of proceeding on October 3, 2017, the Hearing Examiners established and administered a comprehensive litigation schedule throughout the proceeding, in accordance with which the parties submitted written and oral testimony, engaged in extensive discovery, and participated in adjudicatory hearings before the

---

*(footnote continued)*

New Hampshire, *Request for Certificate of Public Convenience and Necessity for the Maine Power Reliability Program Consisting of the Construction of Approximately 350 Miles of 345 kV and 115 kV Transmission Lines (“MPRP”)*, Docket No. 2008-00255, Order Approving Stipulation at 20 (June 10, 2010). Although the proceeding in this docket is not a rate case, the Stipulating Parties represent interests far more diverse than the utility and the OPA, supporting the Stipulating Parties’ position that the Stipulation is supported by parties representing a sufficiently broad spectrum of interests.

<sup>12</sup> *Id.* (finding that a stipulation entered into by 19 of more than 100 parties to a CPCN proceeding, including the petitioning utility “the OPA, representatives of the environmental community, representatives of the business and construction communities, the City of Lewiston, and an abutter” satisfied the “first criterion for approval of a stipulation”).

Commissioners on October 19 and 22, 2018, and January 8, 9, 10, and 11, 2019, with initial and reply briefing following thereafter.<sup>13</sup>

During the case, CMP and interested intervenors participated in bilateral settlement discussions from time to time. In addition, Staff, CMP, and many of the intervenors participated in formal settlement conferences on September 7 and 14, 2018, and February 5 and 12, 2019. Staff provided advance notice of all such settlement conferences by procedural order or email notifications sent to all parties on the service list. None of the participating parties objected to Staff's participation in such settlement conferences.

All Intervenors had the opportunity to participate in the settlement conferences and there is no appearance or reality of disenfranchisement. All of the settlement conferences were publicly noticed in advance and the parties were given a reasonable opportunity to participate. Additionally, those intervenors who were active in the proceeding and who now oppose the Stipulation attended and participated in the settlement conferences (*e.g.*, Ms. Kelly, NRCM, the Generator Intervenors, and NextEra).

Subsequent to this extensive administrative process and numerous and open settlement negotiations, the Stipulating Parties adopted and executed the Stipulation, the major provisions of which are summarized below in Section V.

#### **IV. PARTIES' AGREEMENT TO COMMISSION STAFF RECOMMENDATIONS**

The Stipulating Parties have entered into the Stipulation based on the understanding that Staff takes no position on the Stipulation at this time and will instead present its recommended decision on the issues presented in this proceeding and on the Stipulation in a forthcoming Examiners' Report. The Stipulating Parties waive any rights that they have under 5 M.R.S. § 9062(4) and Chapter 110, Section 8(F)(4) of the Commission's Rules of Practice and Procedure to the extent necessary to permit Staff to discuss the Stipulation and the resolution of the issues addressed in the Stipulation with the Commissioners, either before or at the Commission's scheduled deliberations, without providing to the Stipulating Parties an Examiners' Report or the opportunity to file Exceptions.

---

<sup>13</sup> The procedural schedule included a more than two-month continuance of evidentiary hearings to allow parties ample administrative process and time to review, seek discovery on, and provide written testimony regarding CMP's production of more than 97,000 pages of documents provided over 18 data production rounds, occurring from September 12, 2018 through December 4, 2018, in response to follow-up questions regarding ODR-014-004.

Despite such waiver, however, and on account of the fact that the Stipulation is opposed by some parties to this proceeding, the Stipulating Parties respectfully request that the Hearing Examiners' nonetheless issue an Examiners' Report in this matter that fully sets forth the Hearing Examiners' recommended findings on the litigated issues in this case and address the Stipulation in the discretion of the Hearing Examiners. The Stipulating Parties understand that the Hearing Examiners will issue such an Examiners' Report, and fully support that approach.

## **V. MAJOR PROVISIONS OF THE STIPULATION**

The Stipulation sets forth in full the terms by which the Stipulating Parties propose settlement of all issues in this matter. Accordingly, on behalf of the Stipulating Parties, CMP submits that the Commission refer to the Stipulation for the definitive articulation of its terms.<sup>14</sup> For ease of reference and consistent with the requirements of Chapter 110 of the Commission's Rules, this section provides a non-exhaustive summary of the major provisions of the Stipulation, for which the Stipulating Parties now respectfully seek Commission approval. Those major provisions fall into the following categories: (i) issuance of a CPCN for the NECEC; (ii) CPCN conditions; and (iii) nontransmission alternatives findings.

### **A. Issuance of A CPCN For The NECEC (Stipulation, Part V(A))**

Based on the record in this case, the Stipulating Parties recommend that the Commission issue an order which: (i) approves, accepts and adopts the Stipulation; (ii) finds that a public need exists for the NECEC on the basis that the Project, including the hydropower deliveries from Québec to New England it will enable, provides significant economic and reliability benefits, as well as significant carbon dioxide emissions reductions including from the increased use of electric vehicle and heat pump programs, among others, funded pursuant to this Stipulation; and (iii) grants a CPCN for the NECEC permitting the construction of the Project in accordance with the terms of the Stipulation.

The CPCN shall permit the construction of the NECEC's transmission lines and substation components listed in Attachment A of the Stipulation, and any additional related transmission facilities that ISO-NE determines are necessary to meet the requirements of (i) Section I.3.9 of the ISO-NE's *Transmission, Markets and Services Tariff* ("Tariff"); or (ii) ISO-NE's Capacity Capability Interconnection Standard ("CCIS"), all at no cost to Maine electricity customers, without further Commission review in this docket or otherwise.

---

<sup>14</sup> To the extent that language in this cover letter conflicts with that of the Stipulation, the Stipulation shall govern.

Beginning on July 1, 2019, and every three (3) months thereafter until the NECEC is placed into commercial operation, NECEC LLC, as defined in the Stipulation, will file progress reports with the Commission summarizing any significant developments in the permitting, development, and construction of the NECEC.

## **B. CPCN Conditions (Stipulation, Part V(B))**

The Stipulating Parties respectfully request that Commission approval of the CPCN be subject to the specific CPCN Conditions set forth in the Stipulation and summarized below.

### **1. NECEC Project Ownership**

CMP will transfer and convey the NECEC to NECEC Transmission LLC (“NECEC LLC”), a Delaware limited liability company that is a wholly owned subsidiary within the Avangrid Networks family of companies and is not a subsidiary of CMP.

**Transfer Agreement.** CMP will transfer and assign to NECEC LLC, and NECEC LLC will assume the following interests, agreements, and assets under the NECEC Transfer Agreement, provided as Attachment B to the Stipulation: (i) real estate interests sufficient to construct and operate the High Voltage Direct Current (“HVDC”) transmission line between the Canada-United States border and Lewiston, Maine together with land for the construction and operation of a converter station in Lewiston, Maine, together with real estate interests needed to construct and operate a 345 kV alternating current (“AC”) transmission line from the converter station to CMP’s substation at Lewiston, Maine, and together with certain land offered as compensatory mitigation for environmental permits related to the NECEC and the right to purchase additional land to access the converter station (the “Real Estate Interests”); (ii) all project land use permits and pending applications for such permits (the “Permits”); (iii) the Transmission Service Agreements among CMP, the Massachusetts Electric Distribution Companies (“Massachusetts EDCs”) and H.Q. Energy Services (U.S.) Inc. (“HQUS”) (the “TSAs”); (iv) all NECEC vendor and service provider agreements and certain agreements between CMP and HQUS, Hydro-Québec, and WMRC; and (v) other tangible and intangible assets, including designs, plans and other work product of CMP or vendors related to the NECEC, and intellectual property related to the NECEC.

**NECEC Transfer Consideration.** As consideration for the conveyance and transfer of the NECEC as set forth in NECEC Transfer Agreement, NECEC LLC will pay CMP the sum total of \$60,000,000, payable in forty (40) equal installments of \$1,500,000 each year commencing on the date the NECEC first achieves commercial operation (the “Commercial Operation Date” or “COD”) and continuing on each anniversary thereof. All payments by



NECEC LLC to CMP under the NECEC Transfer Agreement will be disbursed by CMP as part of the NECEC Rate Relief Fund as set forth in Section V.B, Paragraph 5 of the Stipulation and summarized below.

**Service Agreement.** On the transfer of the NECEC, CMP and NECEC LLC will enter into a service agreement substantially in the form of the Service Agreement provided as Exhibit H to Stipulation Attachment B.

**Other NECEC Transfer Commitments.** CMP and NECEC agree and commit to various other transfer provisions as set forth in the Stipulation. In summary:

- CMP and NECEC LLC will complete the transfer of the NECEC before construction of the NECEC commences.
- NECEC LLC will not participate in any money pooling arrangement, credit facility or other financing agreement with CMP without prior approval of the Commission.
- CMP and NECEC LLC will make such accounting entries as are necessary in order to remove NECEC related development expenses from CMP's books and accounts.
- NECEC LLC will put in place and maintain a guaranty by AVANGRID, Inc., or its successor, with respect to NECEC LLC's payment obligations to CMP under the NECEC Transfer Agreement and NECEC LLC's payment obligations for the Heat Pump Fund (Section V.B, Paragraph 7), the Dirigo EV Fund (Section V.B., Paragraph 8(a)), the Franklin County Host Community Benefits Fund (Section V.B., Paragraph 9) and the Education Grant Funding (Section V.B., Paragraph 10) for as long as such payment obligations exist; provided, however, that such guaranty may be terminated in the event that NECEC LLC obtains and maintains a credit rating from a nationally recognized rating organization that is satisfactory to the Commission in its discretion. NECEC LLC also agrees to grant a first priority security interest to CMP in NECEC LLC's payment rights under the HQUS Support Agreement or related Hydro-Québec guaranty or other credit support discussed in Section V, Paragraph 14 below for the purpose of funding the NECEC Low-Income Customer Benefits Fund and the NECEC Rate Relief Fund. NECEC LLC further covenants not to amend, fail to vigorously enforce, or waive any provision of the HQUS Support Agreement or any guaranty provided by Hydro-Québec or other credit support relating to HQUS's obligations under the HQUS Support Agreement in a manner that could impair any payment obligation of either entity to NECEC LLC.

- NECEC LLC and CMP will cooperate in good faith to facilitate access to the use of the NECEC transmission corridor for ATV, snowmobile and other recreational uses, consistent with applicable laws, regulations, ordinances, permits and licenses and CMP's generally applicable standards and practices.
- NECEC LLC will not use CMP's brand name, reputation or customer relations to its benefit and will not engage in joint marketing or joint advertising with CMP at any time.
- Maine transmission and distribution customers shall not be legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC Transmission Project accruing during at least the first 40 years of the useful life of the NECEC.
- CMP and NECEC LLC will not take or support any action to modify the cost recovery mechanism applicable to the NECEC that would result in Maine transmission and distribution customers being legally or financially responsible for any portion of NECEC LLC's revenue requirement for the NECEC accruing during the first 40 years of the useful life of the project, without first obtaining Commission approval for such change.
- The Stipulation shall not prohibit Maine electricity customers from directly, or through a third party such as the Maine transmission and distribution utilities as approved by the Commission or a Maine competitive energy provider as approved by the Commission, purchasing energy provided through the 110 MW of the NECEC transmission capacity not contracted for by the Massachusetts EDCs pursuant to the Section 83D RFP even if that purchase has the effect of directly or indirectly paying for a portion of the revenue requirement for the NECEC.

**NECEC Network Upgrades.** Upgrades to certain of CMP's existing transmission facilities will be necessary to permit the interconnection of the NECEC to the transmission system administered by ISO-NE in accordance with ISO-NE's applicable standards. NECEC LLC will complete all such upgrades as determined by ISO-NE through the necessary studies (currently underway and scheduled for completion in Q-3 2019) to ensure a total transfer capacity at the Surowiec-South Interface of no less than 2,600 MW. NECEC LLC will pay all costs associated with such upgrades. Upon completion, the Network Upgrades shall remain the property of CMP, and CMP will be responsible for the operation and maintenance of such transmission facilities, and will be subject to all applicable provisions of the Stipulation, as set forth therein.

**Affiliate Transactions.** CMP and NECEC LLC will obtain Commission approval of all affiliate transactions related to the NECEC that require approval under Maine law, including, without limitation, any interconnection agreement and relevant affiliate service agreement. Any amounts charged to NECEC LLC for services provided by affiliates will not count towards any annual cap on total affiliate charges applicable to CMP and other Avangrid affiliates within Maine. NECEC LLC, CMP and other affiliates may share employees, directors, officers and information as necessary for the construction, operation and maintenance of the NECEC.

**Compliance Filing.** Prior to the commencement of construction of the NECEC, CMP and NECEC LLC will make a compliance filing which confirms completion of the transfer of the NECEC from CMP to NECEC LLC in accordance with the terms of the Stipulation and provides the AVANGRID, Inc. guaranty and first priority security interest called for in Section V.B. Paragraph 1(d)(iv) of the Stipulation.

## **2. Transmission Rates Customer Credit**

Effective with the 2019 rate change for transmission customers, CMP will provide a rate credit for RNS and LNS transmission customers totaling \$1.005 million. This credit reflects the amounts paid in rates by RNS and LNS transmission customers for those portions of the transmission corridor necessary for the NECEC that have been included in FERC Account 105 for Plant Held for Future Use, plus carrying costs calculated using the FERC refund formula. Upon the issuance of the CPCN for the NECEC, CMP will remove on a going forward basis all NECEC-related property from FERC Account 105 – Plant Held for Future Use.

## **3. New Corridor Removed from Transmission Rates**

Upon the issuance of the CPCN for the NECEC, CMP will classify the unused portion of the transmission corridor it has assembled from the Canada-United States border in Beattie Township to the Company's existing Section 222 transmission corridor as Non-Operating Property in Account 121 of FERC's Uniform System of Accounts until such time as CMP identifies with clarity a specific transmission project for development in such transmission corridor in accordance with applicable FERC requirements. CMP agrees that it will not seek to recover the cost of this unused portion of transmission corridor through transmission rates by reclassifying the property as Plant Held For Future Use in Account 105 of FERC's Uniform System of Accounts or by any other means, unless the transmission project that will use this corridor is otherwise eligible for rate recovery in whole or in part from Maine retail customers pursuant to the then applicable FERC-approved transmission tariff.

#### **4. NECEC Low-Income Customer Benefits Fund**

NECEC LLC will establish a \$50,000,000 NECEC Low-Income Customer Benefits Fund to fund one or more programs that benefit low-income energy customers in Maine in a manner designated by the OPA, in consultation with the Efficiency Maine Trust and the Governor's designee(s). NECEC LLC will provide such funding through annual payments to the program(s) identified by the OPA, in consultation with the EMT and the Governor's designee(s), of \$1,250,000, beginning on the NECEC COD and continuing for a period of forty (40) years. Such funding may be used to fund programs to reduce the amounts that low-income customers expend for energy and may include weatherization and household energy efficiency programs. In designating uses for these funds, the OPA, in consultation with EMT and the Governor's designee(s), may apply a preference for low-income energy customers in the NECEC Host Communities, which are defined for purposes of the Stipulation as the municipalities and communities in which the NECEC Core Project Elements and Network Upgrades as identified in Attachment A to the Stipulation are located and other municipalities and communities in Franklin and Somerset Counties materially impacted by the construction and operation of the Project.

#### **5. NECEC Rate Relief Fund**

NECEC LLC and CMP will establish a \$140,000,000 NECEC Rate Relief Fund to be used to provide per kilowatt hour rate relief for retail electricity customers within CMP's service territory. To fund the NECEC Rate Relief Fund, CMP will contribute the annual \$1,500,000 transfer payments to be received from NECEC LLC. NECEC LLC will also make annual contributions to the NECEC Rate Relief Fund of \$2,000,000 beginning on the NECEC COD and continuing thereafter for a period of forty (40) years. CMP will each year seek to sell or otherwise monetize for maximum value the Environmental Attributes provided by HQUS in accordance with NECEC Support Agreement (summarized below) and will contribute those funds to the NECEC Rate Relief Fund. CMP will then credit the \$3,500,000 contributed annually to the NECEC Rate Relief Fund plus the proceeds from the sales of the Environmental Attributes, net of expenses to complete such sales, to CMP's stranded cost account or such other account as the Commission may determine in the future will provide comparable per kilowatt hour sharing by all retail electricity customer classes within CMP's service territory.

#### **6. Broadband Benefit**

The NECEC will include the necessary facilities and equipment to provide additional fiber optic capacity on the NECEC HVDC transmission line and other AC transmission lines included within the Network Upgrades for the benefit of the State of Maine and in the host communities through which the NECEC transmission lines will run, with an estimated

value of \$5,000,000. CMP and NECEC LLC will also construct the necessary infrastructure to provide access to this fiber optic capacity at major road crossings or other appropriate access points along the project route.

NECEC LLC, in consultation with ConnectME, the Governor's designee(s), OPA, and HQUS, will establish a \$10,000,000 NECEC Broadband Fund. HQUS will contribute five (5) annual contributions of \$2,000,000 to the fund starting on the NECEC COD. The fund will be available to support high speed broadband infrastructure in the NECEC host communities, and particularly for the payment of costs relevant to:

- Study of, and as feasible, the implementation and construction of a fiber optic connection between the State of Maine and the fiber optic network serving Montréal, Province of Québec through NECEC, pursuant to the NECEC Support Agreement summarized below, provided that no more than \$2,000,000 of the NECEC Broadband Fund may be used for these purposes;
- Establishment of public/private partnerships to expand the availability of high speed broadband in the host communities or ongoing project management to expand and maintain the availability of high speed broadband in such communities, including providing broadband service to public buildings where citizens may access the service for personal or business use; and
- Pole license fees in unserved and underserved areas; or make-ready costs for utility poles in such areas.

## **7. Heat Pump Benefit**

NECEC LLC will establish a \$15,000,000 NECEC Heat Pump Fund for the installation in Maine of heat pumps or other future efficient heating technologies that are as efficient, or more efficient, than the most efficient heat pumps agreed to by the OPA, the Governor's designee(s), CLF, Acadia Center, and IECG in consultation with EMT". Certain of the Stipulating Parties, in consultation with EMT, as set forth in the Stipulation, will determine program specifications, and such specifications may include a preference for targeted initiatives to reach low- and moderate-income individuals and communities. HQUS and NECEC LLC will contribute to the fund as follows:

- Starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, HQUS will contribute \$2,000,000 to the fund NECEC Heat Pump Fund, pursuant to the NECEC Support Agreement, summarized below;

- On the fifth and sixth anniversaries of the NECEC COD, NECEC LLC will make annual contributions of \$2,000,000 to the fund; and
- On the seventh anniversary of the NECEC COD, NECEC LLC will make a contribution of \$1,000,000 to the fund.

## **8. NECEC Electric Vehicle (“EV”) Funds**

NECEC LLC, in consultation with certain of the Stipulating Parties and with the support of HQUS, as set forth in the Stipulation, will establish two funds totaling \$15,000,000 to expand the numbers of electric vehicles (“EVs”) in Maine and maximize access and exposure in Maine to EVs and EV infrastructure. The two funds are summarized in brief below.

- **The Dirigo EV Fund:** This fund will be used to provide: (1) rebates to defray the cost of charging installations in Maine; and (2) consumer rebates for the purchase of qualifying EVs by Maine residents. The fund will be managed pursuant to a written agreement between CLF, Acadia Center, and the Governor’s designee(s) prepared in consultation with CMP and NECEC LLC. NECEC will fund the fund through a \$5,000,000 contribution. CLF, Acadia Center, and the Governor’s designee(s) may elect that NECEC LLC make such contribution through either a lump sum payment based on documented program needs or through alternative annual contributions, established by CLF and Acadia Center, consistent with the Stipulation. If CLF, Acadia Center, and the Governor’s designee(s) elect that the NECEC EV Fund be funded by a lump sum payment, CLF, Acadia Center, and the Governor’s designee(s) shall provide NECEC LLC with detailed written descriptions of any such initiatives or programs to be funded with any such payment, including details as to the magnitude and timing of the funding requirements of such initiatives or programs. NECEC LLC, CLF, Acadia Center and the Governor’s designee(s) shall select a party to design the rebate program and/or administer the distribution of the Dirigo EV Fund. NECEC LLC will reimburse the Dirigo EV Fund up to \$50,000 for the charges for such program design and/or administration related work. The programs or initiatives funded by the Dirigo EV Fund, where applicable, shall be designed to: (i) facilitate competitive development of charging stations by third parties; (ii) coordinate with other policy programs including Volkswagen settlement Appendix D expenditures; (iii) include targeted initiatives to reach low- and moderate-income individuals and communities in Maine; and (iv) exclude transmission and distribution utility ownership of end use charging stations, except in cases of market failure.

- **The Hydro-Québec EV Fund:** The \$10,000,000 Hydro-Québec EV Fund will be used to fund the deployment of a statewide fast and ultra-fast public charging infrastructure network for EVs in Maine. Hydro-Québec will collaborate with CMP, OPA, IECG the Governor's designee(s), and other interested stakeholders in developing this network, which will enable Maine EV drivers and visitors to enjoy safe electric travel across the state, with the guaranteed availability of fast chargers at regular intervals of distance. This charging network will be compatible with other public networks already present in Maine and neighboring jurisdictions and will be operated and supported by Hydro-Québec. The Stipulating Parties will provide for public ownership of the equipment comprising, and general public access rights to reasonably use and enjoy, the EV charging infrastructure network developed pursuant to the Hydro-Québec EV Fund, each for the useful life of such equipment or charging infrastructure. The Hydro-Québec EV Fund will be funded through five payments of \$2,000,000 by HQUS starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof, pursuant to the NECEC Support Agreement, summarized below.

## **9. Franklin County Host Community Benefits**

NECEC LLC will establish a \$5,000,000 NECEC Franklin County Host Communities Fund for the benefit of communities in Franklin County and will contribute to this fund ten (10) annual payments of \$500,000 starting on the NECEC COD and continuing annually thereafter. The fund will provide grant funding to support the charitable mission of the Greater Franklin Development Council ("GFDC"), a 501(c)(3) economic and community development organization operating for the benefit of Franklin County residents. NECEC LLC and GFDC will administer the fund on a collaborative basis, and will disburse funds through a grant process that requires applicants to demonstrate the availability of matching funds, with applications for projects to help low-income citizens of Franklin County given priority.

## **10. Education Grant Funding**

NECEC LLC will contribute \$6,000,000 for education- related grants and programs. Once the NECEC receives all state permits and approvals, NECEC LLC will contribute \$1,000,000 to Maine Prime Technologies LLC at the University of Maine to fund research and development activities associated with marine wind generation technology commercialization. Starting on the NECEC COD, NECEC LLC will make ten annual contributions of \$500,000 to fund (i) internship programs and scholarships for needy Maine students to attend the University of Maine Farmington totaling \$1,000,000 over ten

years (\$100,000 per year); and (ii) vocational programs, scholarships and training in math, science and technology for the School Districts within Franklin and Somerset Counties, or such programs and scholarships for Maine Community Colleges that serve students from Franklin and Somerset Counties, totaling \$4,000,000 over ten years (\$400,000 per year). The Stipulating Parties agree to establish a governing board for the administration and use of the latter funds. Such board shall include two representatives from school districts in Franklin County, two representatives from Somerset County, and three representatives designated by the Maine Governor.

#### **11. Mitigating NECEC's Impacts on Transmission System and Existing and Future Maine Energy Resources**

CMP and NECEC LLC will actively participate in all ISO-NE studies to determine the thermal, voltage and stability ratings for the Surowiec-South interface applicable upon the completion of the NECEC and, consistent with good utility practice, advocate to ISO-NE to maximize the stability rating and the total transfer capacity at that interface after the completion of the NECEC so that such rating is as close as possible to the expected thermal and/or voltage limits (2812 MW and 2930 MW, respectively) for that interface. Such advocacy will address the reasonableness of applicable study assumptions and planning criteria and the appropriate balance between system reliability and achievement of New England's clean energy public policy objectives, and will occur through direct interaction with ISO-NE and at appropriate stakeholder and ISO-NE committee meetings.

CMP, CLF, Acadia Center, the Governor's designee(s), OPA, IECG and other interested stakeholders will engage mutually agreed-upon transmission consultant(s), through a request for proposals or other agreed upon method that establishes minimum consultant qualifications, to evaluate and report on potential transmission and non-wires solutions (including but not limited to large scale solar and storage), and their costs, that would reduce existing and projected congestion at the Maine/New Hampshire interface and at the Surowiec-South interface. CMP will pay for this study, the costs of which shall not exceed \$2,000,000, and the study shall be commenced once all applicable permits and approvals for the construction of the NECEC transmission project in Maine are received and Hydro-Québec receives all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec. CMP will not recover study costs from electricity customers.

For any cost effective and commercially viable transmission and non-wires solution(s) identified in the Maine/New Hampshire and Surowiec-South interface report, CMP agrees to fully assess and pursue all available means of approval and cost allocation pursuant to the ISO-NE Tariff, including but not limited to as a Reliability Transmission Upgrade, a Market Efficiency Transmission Upgrade or a Public Policy Transmission



Upgrade, or as part of any future solicitation for clean energy and transmission capacity. If a viable mechanism is determined to fund such solutions, CMP agrees to propose such solution(s) in any applicable competitive solicitation, including without limitation any solicitation conducted under the ISO-NE Tariff, and, if such proposal is selected in such solicitation, seek all necessary permits and approvals to implement such solution(s) in accordance with the then terms of the ISO-NE Tariff. In pursuing the development of such cost effective and commercially viable transmission and non-wires solution(s), CMP and its parent company, Avangrid Networks, will all bear commercial risk associated with the development of the project.

Within one-year of NECEC COD, CMP shall create and make available an annual electric transmission and distribution system report for public notice (subject to CEII provisions) analyzing system needs that may potentially be met by non-wires alternatives (“NWAs”). This report will detail capacity and load by substation and circuit, and identify corresponding growth-related investments. This report will also include a detailed description of CMP’s planning and decision-making related to NWAs during the year, including transparency into the application of its NWA suitability criteria. CMP will work to develop and implement systems and analyses that can provide heat maps that: (i) show where integration of distributed generation is least likely to require substantial upgrades (i.e., hosting capacity maps); (ii) show the electric load on the electric distribution system, including electric loads during peak electricity demand time periods; and (iii) highlight the most congested or constrained areas of the electric distribution system. CMP will also support policies and regulations that seek to evaluate NWAs against traditional transmission and distribution projects through (i) the use of competitive solicitations and (ii) the use of compensation mechanisms that create incentives to place NWAs on an equal footing from a ratemaking perspective. Such tools and heat maps will be available within one-year after NECEC COD.

All such commitments summarized in this section are subject to Commission issuance of a CPCN for the NECEC; receipt of all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU; and (iii) Hydro-Québec receipt of all applicable permits and approvals for the construction of the interconnecting transmission facilities in Québec.

## **12. Commitment to Long-term Planning for Regional Decarbonization**

As part of a regional decarbonization collaborative comprised of CLF, Acadia Center, utilities, the Governor’s designee(s), OPA, IECG and other stakeholders, CMP and NECEC LLC will work with the collaborative to jointly select and hire a consultant to perform an analysis of the means by which the Northeast Region may achieve economy-wide decarbonization of zero emissions by 2050 as called for by the most recent report of the

Intergovernmental Panel on Climate Change. CMP will contribute at least 50 percent of the cost of this study and associated selection process, in an amount that shall not exceed \$500,000. As a member of the collaborative, CMP or through an Avangrid affiliate will actively engage in a regional stakeholder process to introduce and receive input on the analysis and assess potential actions by which state policymakers could advance decarbonization in each energy consumption sector. CMP agrees that it will not seek to recover the costs of this study from electricity customers.

CMP or an affiliate will work with a stakeholder group made up of CLF, Acadia Center, the Governor's designee(s), OPA, IECG, and other stakeholders (to be chosen by a process agreed to by CMP, CLF, Acadia Center and the Governor's designee(s)) to research and develop a set of utility policies and actions, and state regulatory reforms, that can most effectively facilitate economy-wide decarbonization in the region. CMP (directly or through an Avangrid affiliate), will work with this stakeholder group to develop a consensus around these approaches, draft proposed regulatory and legislative provisions by which the consensus approaches can be authorized, and actively seek state approval and implementation of them. The commitments set forth in this section are subject to (i) a CPCN being granted for the NECEC and (ii) NECEC LLC receiving all other necessary permits and approvals for the NECEC including, but not limited to, those issued by the MDEP, the LUPC, the USACE and the MDPU.

### **13. Securitization**

CMP, OPA, the Governor's Energy Office and IECG agree that electricity customers in Maine may benefit if the annual payments to the NECEC Low-income Customer Benefit Fund summarized above and the annual payments to the NECEC Rate Relief Fund, also summarized above, are leveraged through securitization. To facilitate that result and if possible, NECEC LLC, upon the NECEC COD, will establish a fund of \$1,000,000 to be used to pay for any investment bank, investment advisor or consultant and/or legal fees incurred by OPA, the Governor's designee(s), IECG and CMP related to such securitization. If these funds are not required to complete the securitization of either the NECEC Low-income Customer Benefit Fund or the NECEC Rate Relief Fund, any remaining balance will be disbursed to CMP to provide rate relief to customers.

### **14. HQUS Support Agreement**

To confirm HQUS's commitments as set forth in the Stipulation, CMP, NECEC LLC and HQUS will enter a binding agreement enforceable under Maine law. Prior to the commencement of construction of the NECEC, NECEC LLC will file this HQUS Support Agreement and the Hydro-Québec guaranty or other credit support called for therein with

the Commission as a compliance filing in this docket. The HQUS Support Agreement will reflect:

- HQUS's commitment to provide CMP annually 400,000 MWh of environmental attributes related to deliveries of hydroelectric power to New England over the NECEC or otherwise (the "NECEC Environmental Attributes") for a twenty (20) year period starting in the first full year after NECEC COD, subject to the particular requirements of the Stipulation;
- Hydro-Québec's commitment, as feasible, to include sufficient fiber optic capacity in the Québec transmission facilities interconnecting to the NECEC to provide a fiber optic connection between the State of Maine and the fiber optic network serving Montreal, Province of Québec;
- HQUS's commitment to contribute \$10,000,000 to the NECEC Broadband Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof and to share its expertise on broadband infrastructure;
- HQUS's commitment to contribute \$10,000,000 to the NECEC Heat Pump Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
- Hydro-Québec's commitment to share its expertise with respect to EV infrastructure in developing the programs and initiatives funded by the Hydro-Québec EV Fund for the benefit of the State of Maine;
- HQUS's commitment to contribute \$10,000,000 to the Hydro-Québec EV Fund through five payments of \$2,000,000 starting on the NECEC COD and annually on the first, second, third and fourth anniversaries thereof;
- HQUS's commitment to pay NECEC LLC annually \$3,500,000 beginning on the NECEC COD and continuing on each anniversary thereof for a period of forty (40) years in addition to all amounts due under the TSAs; and
- A guaranty from Hydro-Québec of HQUS's payment obligations under the HQUS Support Agreement or such other appropriate credit support for such obligations as the parties to the HQUS Support Agreement agree.

### **15. Maine Workers Preference**

All other factors being equal and consistent with applicable law and applicable labor agreements, NECEC LLC, and its contractors working on the construction of the NECEC will give preference to hiring Maine workers.

### **16. Funding Commitments Conditions Precedent**

The following funding commitments set forth in Section V.B of the Stipulation are conditioned on the NECEC achieving commercial operation:

- Paragraph 4 (NECEC Low-Income Customer Benefits Fund)
- Paragraph 5 (NECEC Rate Relief Fund)
- Paragraph 6 (Broadband Benefit)
- Paragraph 7 (Heat Pump Benefit)
- Paragraph 8(b) (The Hydro-Québec EV Fund)
- Paragraph 9 (Franklin County Host Community Benefits)
- Paragraph 10(b) (Education Grant Funding)

### **C. Nontransmission Alternatives Findings (Stipulation, Part V(C))**

The Stipulation also sets forth the Stipulating Parties' recommendation that, based on the record in this proceeding, the Commission find that no nontransmission alternative ("NTA"), whether large-scale generation, distributed generation, demand response resource, or conservation alternative, can feasibly substitute for the NECEC at a lower cost to Maine electricity customers. The NECEC will serve the public need by transmitting up to 1,200 MW of hydropower energy from Québec to New England, effectively replacing retiring baseload generation, and providing the State of Maine with its first transmission interconnection with the vast Hydro- Québec hydropower generation system. No NTA has the technical capability, size or scale to satisfy this public need, and even if an NTA could meet this public need, no such alternative could so do at a lower total cost to Maine electricity customers, since no NECEC related costs will be borne by Maine electricity customers.

## **VI. THE OVERALL STIPULATED RESULT IS IN THE PUBLIC INTEREST.**

The NECEC will enable the delivery of up to 1,200 MW of clean and renewable hydropower from Hydro-Québec<sup>15</sup> for at least 40 years, upon the project's commercial operation date, expected in December 2022. The transmission service rights to use the NECEC to deliver this hydropower (and in turn NECEC LLC's revenue requirement) will be paid for entirely by HQUS and the electricity ratepayers of the Massachusetts EDCs in Massachusetts. The Stipulation is in the public interest because the NECEC and the hydropower that it will deliver from Québec to New England will provide, at no cost to Maine electricity customers, (i) lower electricity supply prices, reduced reliance on fossil fuel generation, and material energy price protection in natural gas price spike events; (ii) increased reliability for Maine and the ISO-NE region, by delivering baseload energy to replace retiring resources, as well as other reliability benefits associated with the NECEC's providing an additional intertie between ISO-NE and Québec and transmission system upgrades associated with the NECEC; (iii) carbon dioxide emissions reductions as a result of the Project including the increased use electric vehicle and heat pump programs in Maine, among others, funded pursuant to the Stipulation, which advance Maine's progress toward meeting its long-term greenhouse gas ("GHG") emissions reductions goals; (iv) economic benefits in the form of jobs and additional property tax revenues; and (v) significant other benefits including a rate relief fund, a low-income customer benefits fund, a broadband benefits fund, a heat pump benefits fund and electric vehicles benefits funding, among other material benefits.

### **A. The NECEC will Provide Lower Electricity Supply Prices, Reduced Reliance on Fossil Fuel Generation, and Material Energy Price Protection in Natural Gas Price Spike Events.**

The NECEC will lower electricity supply prices in Maine by injecting 1,200 MW of hydroelectric energy into the ISO-NE energy market. Three different parties in the proceeding, CMP (through its consultant, Daymark Energy Advisors), the Staff's consultant London Economics International Inc. ("LEI"), and the Generator Intervenors, offered an analysis of the impact of the energy delivered by the NECEC on wholesale energy prices in the ISO-NE wholesale energy market.<sup>16</sup> All three analyses found that the NECEC will reduce

---

<sup>15</sup> The hydropower that will be delivered on the NECEC will be generated by Hydro-Québec Production ("HQ Production"), the business unit within Hydro-Québec that operates Hydro-Québec's hydro generation units and markets the energy and capacity produced by those units within Québec and regionally.

<sup>16</sup> Exhibit NECEC-5 (NECEC Transmission Project: Benefits to Maine Ratepayers, Daymark Energy Advisors) (hereinafter "Daymark Report") at 10-12; London Economics International, LLC, Independent Analysis of Electricity market and Macroeconomic Benefits of the New England Clean Energy Connect Project (May 21, 2018) (hereinafter "(LEI Report)" at 10-11, 22-23; Direct Testimony of Tanya Bodell at 23-26 (Apr. 30, 2017) (hereinafter "Bodell Direct"). NextEra also conducted production cost modeling presented by the Whitley,

wholesale and retail electricity prices in Maine and throughout New England, and only differed on the magnitude of those benefits based on alternative methods and assumptions. Taken together, the models set forth by LEI, the Generator Intervenors, and Daymark delineate a potential range of energy price suppression benefits from the NECEC, with LEI on the low end at \$13 million per year in retail energy price suppression benefits, the Generator Intervenors in the middle at \$26-\$36 million wholesale energy price suppression benefits for the year 2023, to Daymark on the high end at \$44 million per year in wholesale energy price suppression benefits. Although there is uncertainty with respect to the exact magnitude of the NECEC's energy price suppression benefits due to fluctuating natural gas prices and other factors that affect the ISO-NE wholesale energy markets, the evidence in this proceeding demonstrates that the NECEC will result in significant energy supply price savings for the people and businesses of Maine.

By delivering firm, clean hydroelectric energy in all hours of the year, the NECEC will also reduce the demand for fossil fuels across all hours of the year. Because of these reductions, the NECEC will also protect Maine's electricity customers from the natural gas price volatility, particularly during winter periods when natural gas supplies in the region are constrained. While this "hedge" benefit is difficult to quantify on a prospective basis, both Daymark and LEI examined the savings that electricity customers will realize if the NECEC is in service during a natural gas price spike similar to the one that occurred during the winter of 2013-2014, when New England experienced extremely cold temperatures. Daymark's analyses concluded that the NECEC would have saved Maine electricity customers approximately \$42 million over the four-month period. Similarly, LEI examined the Polar Vortex event that occurred on January 24 through January 28, 2014, and found that if the NECEC had been in service during just this five-day period, it would have reduced energy prices by \$37/MWh on average, which equates to an "insurance" value for customers across New England (not just Maine) of approximately \$72.3 million for the period.<sup>17</sup> In light of the fact that ISO-NE has identified that the New England region will continue to face challenges posed by natural gas constraints because the regional power system is increasingly dependent on natural gas for power generation and the adequacy of the capacity of the region's natural gas infrastructure to deliver all the gas needed for both heating and power generation during winter has been challenged, there is no indication that natural gas price volatility will abate in the near term. Accordingly, the NECEC will provide important fuel diversity that will mitigate the economic impact to Maine electricity customers of natural gas price spikes during cold winter periods of high demand.

---

*(footnote continued)*

Wang and Mayers panel. NextEra did not use this model to quantify the electricity price suppression benefits Maine will realize, but the panel did acknowledge that the NECEC will cause electricity price suppression. 10/22/18 Conf. Hearing Tr. at 9:19.

<sup>17</sup> LEI did not provide a breakdown of the 2013-2014 Polar Vortex benefits to Maine electricity customers.

**B. The NECEC will Provide Increased Reliability for Maine and the ISO-NE Region, By Delivering Baseload Energy to Replace Retiring Resources, As Well as Other Reliability Benefits Associated with the NECEC's Providing an Additional Intertie Between ISO-NE and Québec and Transmission System Upgrades Associated With the NECEC.**

The NECEC, backed by the HQ Production system of reservoirs, will deliver at least 1,090 MW of hydropower energy from Québec into New England in all hours of the year for at least the next twenty years. Once the NECEC obtains its approvals and ISO-NE is able to reflect this resource in its reliability review modeling for purposes of ISO-NE's interim fuel security solution, the NECEC will reduce the likelihood of conditions occurring that would trigger the need for ISO-NE to enter into a cost-of-service fuel security agreement.<sup>18</sup>

Over the longer term, it is still somewhat unclear whether ISO-NE will implement an energy market and ancillary services market mechanism to address fuel security in the region or whether they will adopt a capacity-based mechanism to address fuel security issues. Regardless of which market mechanism ISO-NE adopts as its permanent fuel security solution, by providing 1,090 MW of hydroelectric power in all hours of the year for 20 years starting in late 2022, backed by HQ Production's extensive reservoir system, the NECEC is well positioned to mitigate the cost of any new fuel security market mechanism adopted by ISO-NE by increasing the supply of fuel-secure, non-natural gas fired energy in New England.

Additionally, the NECEC will provide other transmission reliability benefits to Maine and the region. The principal element of the NECEC is the new +/-320 kV HVDC transmission line between the Applaches Substation in Thetford Mines, Québec and the new Merrill Road Converter Station in Lewiston, Maine. This line will establish an additional 1,200 MW intertie between Québec and the New England transmission system, which will provide important redundancy between the Québec and New England systems and will better protect the region in the event of the loss of the existing Phase II intertie, one of the largest possible losses of supply in New England.

---

<sup>18</sup> Alternatively, if the Commission were to decline to issue the CPCN for the NECEC, this would undermine the binding and enforceable nature of the NECEC TSAs and PPAs between the Massachusetts EDCs, HQUS, and CMP, which would in turn bar ISO-NE from including the NECEC in its fuel security reliability review model assumptions, because ISO-NE will only include in its modeling state contract resources that have binding and enforceable contracts in place. This result will reduce the assumed import capacity in ISO-NE's modeling and increase the likelihood that a cost-of-service fuel security agreement will be needed to address fuel security concerns.

The network upgrades that are part of the NECEC will provide additional transmission system reliability benefits to the Maine and region at no cost to Maine electricity customers. The NECEC network upgrades will increase the transfer limits at the Surowiec-South interface from 1,600 MW to 2,600 MW and increase system redundancy through construction of a parallel 345 kV line between the Coopers Mills Road Substation and the Maine Yankee Substation (Section 3027). The rebuilding of the 115 kV lines (Sections 62 and 64) out of the Larrabee Road Substation will increase the capacity of these lines and add redundancy and transmission capacity to the transmission system across central Maine.

The NECEC also includes construction of a 345/115 kV 448 MWVA Autotransformer at the existing Raven Farm Substation in Yarmouth. The Raven Farm Autotransformer is a transmission system upgrade identified in the ongoing Commission proceeding in Docket No. 2011-00138 as a solution for reliability needs in the Portland area for projected future loads in the 2025 timeframe. Construction of the Raven Farm autotransformer as part of the NECEC would provide this reliability solution for Portland area needs at no cost to Maine electricity customers.

**C. The NECEC will Provide Carbon Dioxide Emissions Reductions, Advancing Maine's Progress Toward Meeting its Long-Term GHG Emissions Reductions Goals.**

Through the Climate Change Act, 38 M.R.S. § 576, (the “Act”), Maine adopted the near-term, mid-term, and long-term framework for reductions of GHG emissions within the State.<sup>19</sup> Specifically, the Climate Change Act set forth a short-term GHG emissions reduction goal to meet Maine’s 1990 GHG emission levels by 2010, a mid-term goal for GHG levels to be 10% less than 1990 levels by 2020, and a long-term goal to reduce GHG emissions “sufficient to eliminate any dangerous threat to the climate.”<sup>20</sup> The Climate Change Act specifically recognizes that emission reductions of 75% to 80% below 2003 levels may be needed to achieve the long-term goal.<sup>21</sup>

Once the NECEC goes into service in late 2022, it will advance Maine’s progress towards meeting the long-term GHG reduction goals set forth in the Act. Energy deliveries from Hydro-Québec over the NECEC line will contribute to carbon emissions reductions in the Northeast, especially when paired with commitments from CMP to further advance clean energy solutions in Maine. In fact, three different production cost modeling experts

---

<sup>19</sup> 38 M.R.S. § 576.

<sup>20</sup> *Id.* at § 576(3).

<sup>21</sup> *Id.* at § 576(3).



in this proceeding, CMP's consultant Daymark, the Staff's consultant LEI, and the Generator Intervenors' consultants James Speyer and Tanya Bodell of Energyzt using Calpine's model, have modeled the CO<sub>2</sub> emissions reductions resulting from the NECEC's injection of 9.45 TWhs of clean hydroelectric energy into ISO-NE and have found that the NECEC will drive significant carbon emissions reductions across the New England region. These analyses show that the NECEC will result in CO<sub>2</sub> emissions reductions in Maine ranging from approximately 264,000 metric tons of carbon emissions reductions per year in Daymark's analysis, to 255,000 metric tons of carbon emissions reductions per year in the Energyzt/Calpine analysis, to 306,000 metric tons of carbon emissions reductions per year in LEI's analysis.<sup>22</sup> This range establishes that the NECEC will result in substantial carbon reductions will benefit Maine's people and businesses by helping to combat climate change and assist the State in meeting its long-term reduction GHG reduction goals, consistent with State policy.

**D. The NECEC Will Support Increased Jobs in Maine During the Construction of the Transmission Project and Afterwards and Contribute Millions of Dollars to the Maine Economy through Project Expenditures and the Property Taxes that CMP Will Pay on the Project Facilities for their 40+ year useful life.**

The NECEC will contribute a welcome and substantial boost to the Maine economy. Both the Maine Center for Business and Economic Research ("MCBER") and LEI examined the likely economic benefits resulting from the NECEC and concluded that the NECEC will result in substantial economic benefits for Maine in the form of jobs, increased Maine Gross Domestic Product ("GDP") and additional property tax revenue.

Specifically, MCBER found that the NECEC will support on average over 1,740 direct, indirect, and induced jobs in Maine each year during the project's six-year development and construction period (2017-2022) and LEI found that the NECEC will generate over 1,600 direct, indirect, and induced Maine jobs, on average, every year, over the same period. Additionally, MCBER found that the NECEC transmission infrastructure investments are expected to support a \$573 million (fixed 2009\$) addition to Maine GDP over the project's six-year development and construction period (2017-2022) and LEI found that the NECEC will increase Maine's GDP during the development and construction

---

<sup>22</sup> LEI's analysis found the NECEC could reduce CO<sub>2</sub> emissions in New England by approximately 3.6 million metric tons per year. The Energyzt/Calpine modeling likewise found that the NECEC-delivered clean energy will result in an annual reduction of 3 million metric tons of CO<sub>2</sub> emissions in New England. Neither LEI's analysis nor Energyzt's analysis included a specific finding as to the Maine-based GHG reductions, but the Maine-specific carbon emissions reductions benefits are based on using Daymark's approach of calculating the Maine GHG reductions relative to the New England GHG reductions based upon a ratio of Maine load to New England load.

period on average over \$98 million per year during that same period. These analyses provide a range of Maine jobs and Maine GDP benefits that are substantial under all scenarios, regardless of where the project ultimately falls within that range.

The transmission infrastructure investments for the NECEC will also increase municipal property valuations in the host communities in a manner that approximates the cost of the investment expenditures. Based on mill rates from 2016 and an assumed total capital expenditure of \$1 billion, both MCBER and LEI estimate that Maine communities will receive an estimated total of over \$18 million of additional municipal tax revenue on an annual basis beginning in 2023 resulting from the NECEC infrastructure investments in Maine communities.

**E. The Stipulation Sets Forth Conditions That Will Provide Substantial Additional Benefits To Maine Electricity Customers, Maine, and The Region.**

The Stipulating Parties request Commission approval of the Stipulation and issuance of the CPCN for the NECEC based in part on additional conditions set forth in the Stipulation that resulted from extensive negotiations and reasonable compromise. Such conditions provide additional, substantial benefits that further render the Stipulation in the public interest and supplement the already substantial public need met by the NECEC. The Stipulation also establishes a mechanism to confirm HQUS's commitment to providing the NECEC-related benefits contemplated by such conditions to Maine and the region for many years to come.

**1. The Stipulation Provides Additional Certainty That Maine Electricity Customers Will Bear No Risks Or Costs Of The NECEC.**

The Stipulation re-affirms CMP's consistent position that Maine electricity customers will pay no costs of the NECEC, and establishes specific conditions to ensure that outcome. The Stipulation calls for CMP to transfer the NECEC to a newly formed NECEC LLC, a Delaware limited liability company that is a wholly owned subsidiary within the Avangrid Networks family of companies and is not a subsidiary of CMP. This transfer and other ring-fencing measures called for in the Stipulation, including Commission review and approval of all affiliate transactions between CMP and NECEC LLC will prevent any NECEC-related risks or costs accruing to CMP electricity customers. Taken together, the corporate structure of the NECEC, its proposed accounting treatment, and Commission review and oversight of relevant NECEC agreements, as articulated in the Stipulation, will best ensure that Maine electricity customers assume no risks or costs associated with the Project.

The NECEC's corporate structure will protect Maine customers from risks and costs associated with the NECEC. To do so, CMP will transfer and convey, for agreed upon consideration, the NECEC, including the NECEC real estate (for HVDC portions of the line), permits, agreements, and intangible interests and assets to NECEC LLC. This reorganization will establish clearly defined corporate separation between the NECEC on the one hand, and CMP and its customers, on the other, shielding such customers from NECEC costs and risks.

The Stipulation also reflects the Commission's continued authority to ensure that no NECEC cost or risk accrues to Maine customers. Consistent with CMP's existing practices, the Company will seek Commission review and approval of any intercompany transfer, construction, operation or maintenance agreement regarding the NECEC requiring approval under Maine law, including for interconnection agreements and affiliate service agreements between NECEC LLC and any Avangrid affiliate.

CMP's other commitments in the Stipulation will provide additional protections for Maine electricity customers. For example, CMP will not participate in money pooling agreements with NECEC LLC without prior Commission approval, will make such accounting entries as are necessary to remove NECEC-related development expenses from CMP's books and accounts, and commits that Maine transmission and distribution customers shall not be legally or financially responsible for any portion of NECEC LLC's revenue requirements during at least the forty-year useful life of the NECEC. NECEC LLC will also be responsible for all costs associated with any necessary transmission network upgrades for the NECEC that are required by ISO-NE's tariff, particularly Section I.3.9 and the CCIS.

The Stipulation also memorializes particular rate credit and FERC accounting treatment that will ensure that Maine electricity customers pay no costs for the NECEC. As summarized in Section V of this memorandum and as set forth definitively in the Stipulation, CMP will provide a \$1.005 million rate credit for RNS and LNS transmission customers for amounts previously paid in rates for the portions of the transmission corridor necessary for the NECEC that have been included in FERC Account 105 for Plant Held for Future Use, plus carrying costs using the FERC refund formula. Upon the issuance of the CPCN for the NECEC, CMP will classify the unused portion of the transmission corridor that it has assembled from the Canada-U.S. border in Beattie Township as Non-Operating Property in Account 121 of FERC's Uniform System of Accounts, until such time as CMP identifies with sufficient clarity a specific transmission project for development in such transmission corridor in accordance with applicable FERC precedent. CMP will not seek to recover the cost of this unused portion of transmission corridor through transmission rates by reclassifying the property as Plant Held For Future Use in Account 105 or by any other means, unless the transmission project that will use this corridor is

otherwise eligible for rate recovery in whole or in part from Maine retail customers pursuant to the then applicable FERC-approved transmission tariff.

## **2. The Stipulation Provides Substantial Rate Relief And Assistance To Low-Income Electricity Customers.**

The Stipulation provides material rate relief to all CMP customers and important benefits for low-income electricity customers. NECEC LLC and CMP will fund a rate relief fund in the amount of \$140,000,000 over 40 years to provide per kilowatt hour rate relief for retail electricity customers in CMP's service territory. Such relief is a direct and material benefit to CMP's customers, and wholly incremental to other price benefits accruing to Maine and the region from the NECEC's reducing LMPs in the ISO-NE energy supply market.

NECEC LLC will also fund a low-income customer benefits fund in the amount of \$50,000,000 over 40 years. This OPA-administered fund will reduce the amount such customers pay for electricity and better allow such customers to invest in weatherization and household energy efficiency programs, increasing such customers' ability to reduce electricity costs by adopting efficiency measures and may reflect a preference for low-income energy customers located in the host communities in which the NECEC transmission facilities are located. By facilitating low-income customer access to such programs, the Stipulation is wholly consistent with the mission of the Efficiency Maine Trust (the "EMT"), and particularly the EMT's statutory obligation to implement cost-effective efficiency programs for "households of all income levels pursuant to 35-A M.R.S. § 10103.<sup>23</sup>

## **3. The Stipulation Will Facilitate Additional Measures To Reduce GHG Emissions Consistent With Maine Law.**

Absent any CPCN conditions, the NECEC will provide carbon dioxide emissions reductions consistent with 38 M.R.S. § 576 (the "Act"), as summarized above. The Stipulation, moreover, includes conditions that will provide for additional energy efficiency and de-carbonization benefits to Maine and the region. These measures are consistent

---

<sup>23</sup> 35-A M.R.S. 10103(5). The OPA may consult with the EMT in administering this fund. The Stipulation also allows for the securitization of funds contained in both the NECEC Low-income Customer Benefit Fund and the NECEC Rate Relief Fund, and CMP agrees to pay up to \$1,000,000 to cover fees incurred by an investment bank, investment advisor or consultant and/or legal fees incurred by OPA, IECG, and CMP related to such securitization.

with Maine's long-term emissions reductions goals as set forth in the Act, and include a variety of provisions that will enable both individual Maine electricity customers and the state generally to implement effective GHG emissions reduction measures.

NECEC LLC's contribution of \$15,000,000 to a new heat pump fund for the installation of heat pumps in Maine will make it more feasible for individual customers to incorporate such technology in their homes. Likewise, NECEC LLC's funding of additional measures to maximize consumer access and exposure to electric vehicles ("EV"), including through the offering of rebates to defray the costs of charging stations and qualifying EVs by Maine residents, will better enable individuals to take an active part in Maine and the region's efforts to de-carbonize. More broadly, contributed funds will facilitate the deployment of a statewide fast and ultra-fast public charging infrastructure network for EVs, making travel using EVs more possible throughout the state.

At a policy level, CMP and NECEC LLC will collaborate with stakeholders in furthering regional de-carbonization efforts. This collaboration includes the funding of an analysis of the means by which the Northeast Region may achieve economy-wide de-carbonization of zero emission by 2050. CMP and NECEC's participation in this study and CMP's commitment to pay up to \$500,000 for this study will allow for long-term policy analysis that will inform Maine and the region's approach to de-carbonization in the coming years.

#### **4. The Stipulation Provides Other Important Benefits To Maine Businesses, Communities, and Educational Institutions.**

The Stipulation will provide for economic benefits in addition to the new jobs and increased tax revenues associated with the NECEC. These additional benefits will increase investment in Maine's communities, its workforce, and educational institutions, and occur both within the communities in which the NECEC will be located and elsewhere in the State. These provisions are wholly in the public interest and provide substantial additional bases for the Commission to approve the Stipulation and issue the CPCN.

For example, NECEC LLC will fund a community development fund in Franklin County in the amount of \$5,000,000. This fund will provide material assistance to the Greater Franklin Development Council in its efforts to market the region, develop its workforce, retain its businesses, and support its entrepreneurs. NECEC has also agreed in the Stipulation, (all other factors being equal) to prefer the hiring of Maine workers in constructing the NECEC, provided that such preference is consistent with applicable law and labor agreements. This additional benefit will better ensure that the NECEC provides direct economic benefits to Maine even prior to commercial operation.

In addition, NECEC LLC will contribute \$6,000,000 for education-related grants and programs. These contributions will fund internship programs and scholarships for needy Maine students to attend the University of Maine Farmington and Maine Community Colleges, vocational programs, scholarships and innovative programs in the areas of math, science and technology for the School Districts within Franklin and Somerset Counties and the University of Maine's on-going research and development activities associated with marine wind generation technology commercialization.

#### **5. The Stipulation Will Help Maine Achieve Its Goals For Enhanced Broadband Access.**

The Stipulation calls for expanded broadband internet infrastructure within the state, providing additional and material benefits to Maine consistent with 35-A M.R.S. § 9202-A ("Section 9202-A"). Pursuant to Section 9202-A, Maine has articulated clear goals for broadband expansion, including that such technology be "universally available," and that Maine possess "secure, reliable, competitive and sustainable forward looking infrastructure that can meet future broadband needs."<sup>24</sup> The Stipulation will facilitate achieving this policy goal. The Stipulation requires CMP and NECEC LLC to include additional fiber optic capacity as part of the NECEC HVDC transmission line and its necessary AC upgrades. In addition, through contributions from HQUS, the \$10,000,000 NECEC Broadband Fund will be established. This fund will provide grant funding to expand broadband access in the NECEC host communities through, among other things, the payment of annual pole licenses and make ready costs to bring broadband access to unserved and underserved areas of such communities. A Commission finding that the Stipulation is in the public interest is wholly consistent with Section 9202-A and the legislature's policy goal of expanding broadband access throughout Maine.

#### **6. The Stipulation Will Facilitate Future Development of Renewable Generation In Maine.**

Consistent with measures to facilitate individual, state, and regional policy regarding de-carbonization, the Stipulation will also enhance the extent to which the NECEC facilitates the development of future renewable generation in Maine. CMP and NECEC LLC commit to actively participate in ISO-NE studies regarding the thermal, voltage, and stability ratings for the Surowiec-South interface, and to advocate for the maximization of the applicable ratings and transfer capacity at the Surowiec-South interface after the NECEC's completion, consistent with good utility practice. Such measures will benefit proposed renewable generation projects that will need to transmit energy over that interface in the future.

---

<sup>24</sup> 35-A M.R.S. § 9202-A.

In addition, CMP will also pay up to \$2,000,000 for analysis of the transmission and non-wires solutions that would reduce existing and projected congestion at the Maine/New Hampshire interface and at the Surowiec-South interface, and will pursue any such solution, consistent with the particular requirements of Section 11 of the Stipulation.

**7. The Stipulation Establishes An Appropriate Mechanism To Confirm HQUS's Commitment To Maine Electricity Customers, The State, and the Region.**

To best ensure that non-parties HQUS and Hydro-Québec meet their commitments under the Stipulation, including related to making the financial contributions to various funds established by the Stipulation, providing of Environmental Attributes to CMP which may be monetized to increase the NECEC Rate Relief Fund, and the required payments to NECEC LLC over the NECEC's useful life, CMP, NECEC LLC, and HQUS will execute a binding support agreement memorializing such commitments. In addition, Hydro-Québec will provide a joint and several guaranty or other appropriate credit support to backstop HQUS's payment obligations under the support agreement. NECEC LLC will submit the HQUS Support Agreement and the Hydro-Québec guaranty or other credit support document as a compliance filing in this docket. Together, the support agreement and guaranty provide legally enforceable instruments to guarantee performance by HQUS and Hydro-Québec, and provides Maine electricity customers and the State of Maine with additional certainty that HQUS and Hydro-Québec will meet their obligations as set forth in the Stipulation, notwithstanding the fact that neither is a party to this proceeding.

**VII. STATUTORY AUTHORITY FOR THE COMMISSION TO ADOPT THE STIPULATION**

The Commission maintains statutory authority to approve the Stipulation and grant the requested CPCN pursuant to 35-A M.R.S. § 3132.

Mr. Harry A. Lanphear  
Page 32  
February 21, 2019

### **VIII. CONCLUSION**

On behalf of the Stipulating Parties, CMP respectfully requests that the Commission approve the Stipulation for the reasons set forth above.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jared S. des Rosiers".

Jared S. des Rosiers  
Counsel for Central Maine Power Company